telephone lines, ISDN facilities, high-speed data lines, and other facilities that are available only from their LEC. Indeed, unlike IXCs, ISPs purchase a large number of local telephone lines from the LEC and connect facilities directly to those local lines. The companies that are participating in these comments have anywhere from 25 to 500 local phone lines each (averaging more than 200 lines each). There should be little question that these companies are customers of the LEC.

PaISP agrees with the Commission's assessment that it makes no sense to bring ISPs into the access charge regime. As was discussed above, the SLC and access charges are designed to recover the portion of the cost of the local loop that is allocated to the interstate jurisdiction. Most calls that an ISP receives are local calls and would not be subject to interLATA access charges in any event. Recovering most of the cost of the local loop through fixed charges (the local charges and the SLC) makes sense because most of those costs are not traffic sensitive.

Generally, then, ISPs are primarily receiving local telephone calls. Such calls normally would not be subject to access charges and the Commission should not take any action that would subject such calls to access charges.

Further, as the Commission states in paragraph 287 of the NPRM, any analysis of the relative costs and benefits associated with ISPs must consider the additional costs and benefits associated with the ISP's customers. Many of those customers have installed an additional telephone line in order to access the ISP. The revenues associated with that line, as well as the frequency of use of that line, also must be considered in assessing the impact of using the public network for gaining access to the Internet. This issue and others will be explored in the Commission's Notice of Inquiry at CC Docket No. 96-263.

Also to be explored in the Notice of Inquiry will be the question of whether the costs of an ISP's local loops are substantially different from the average loop cost. PaISP believes that the average cost per loop is substantially lower when an ISP has several hundred lines running to a single location, and that location is often very close to the LEC's central office. Therefore, an analysis predicated on the ***average*** loop cost simply does not apply to customers with a large number of loops terminating at a single location. PaISP intends to explore this issue more fully in its response to the Notice of Inquiry.

At this juncture, PaISP would note that it is the responsibility of the LEC to provide service to its customers, including ISPs and those who want to gain access to the Internet. If the LECs believe that they are losing money or jeopardizing the reliability of their system by using their existing facilities for providing such service, then they must install facilities that will provide reliable service in a cost-effective manner. ISPs have made no secret of the fact that they are ISPs. Indeed, many LECs have special customer service representatives to work with ISPs to help them establish service that is reliable and cost-effective. And, of course, LECs have enjoyed large increases in revenues and profits from marketing additional telephone lines to those who want to access an ISP.

For example, Bell Atlantic reports that between September 30, 1995, and September 30, 1996, its local service revenues increased by 5.4%. *Form 10-Q for Quarter ending September 30, 1996*, Bell Atlantic Corp., at 10-11. That company states the reasons for this strong growth rate as follows:

> Higher usage of our network facilities was the primary reason for the increase in local service revenues in both the third quarter and nine month periods. Our access lines in service grew by 3.7% from September 30, 1995. We experienced strong usage growth in both the business and residential markets. Business usage

> was fueled by strong growth in Centrex lines and ***residential growth was driven by secondary lines***.

Id., at 11 (emphasis added). *See also* "Rebound," *Communications Daily* (Jan. 22, 1997), noting that Bell Atlantic, Nynex, Pacific Telesis, and SBC Communications all reported strong growth in the number of secondary residential lines added during 1996 and concomitant growth in earnings from the provision of local service.

It is now necessary for the LECs to take the actions that are required to ensure that their networks can deliver on the promises that they have made to their customers. If their networks can't handle the increased traffic, they should stop selling additional telephone lines until the networks are again reliable.

Of course, PaISP recognizes that the public network may not have been designed with Internet access in mind. But that is irrelevant. It wasn't designed with fax machines, credit card verification systems, voice mail, or numerous other communications services in mind either. There is little that an ISP can do to make the public network more reliable; that responsibility belongs to the LEC. Once the LEC has installed the equipment that is necessary, then ISPs, like any other customer of the LEC, will pay their fair share of the cost. And, if that cost is unreasonably high, then the ISPs, like any other customer, will look for lower cost alternatives.

PaISP must emphasize, though, that it is no answer for LECs to say that they want to charge ISPs more (by imposing access charges or per-minute charges on received calls) before the LECs have installed any additional facilities or taken any other actions to ensure that the network remains reliable.

This Commission should ensure that the responsibility for the reliability of the local network remains where it belongs – with the LECs. As end users, ISPs will pay their fair share

of the costs, but it should not require dramatic changes in the entire structure of access fees and other charges in order to make that happen.

Paragraph 331: The Impact of Proposed Changes on Small Businesses

The Commission correctly states that it must examine the impact on ISPs if it decides to impose access charges on ISPs. In addition, the Commission should recognize that other aspects of its proposals could have a serious impact on ISPs and other small businesses that rely heavily on the communications network. In fact, several of the specific issues that are raised by PaISP in these Comments could have a very serious effect on small business ISPs, specifically:

- Removing or increasing the cap on the SLC
- Removing high-capacity services from price cap regulation
- Regulating terminating access

The impact of those changes on small businesses should be examined under the Regulatory Flexibility Act and other relevant legal requirements.

Conclusion

In summary, Pennsylvania Internet Service Providers respectfully request the Federal Communications Commission to take the following actions:

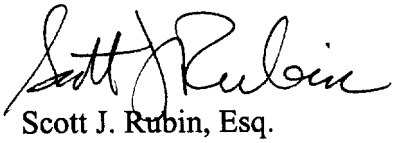
1. Retain the existing maximum subscriber line charges at $3.50 per residential line and $6.00 per business line.
2. Set the SLC for primary rate interface ISDN service at twice the rate for an analog line.
3. Retain the price cap on high capacity services in each central office where consumers do not have real competitive options for obtaining such services.

4. Refuse to impose fees on consumers for receiving telephone calls.

5. Reaffirm the Commission's consistent holdings over the past decade that Internet service providers and other information providers are end users and, therefore, are not subject to paying access fees.

6. Evaluate the effect on small businesses, including small Internet service providers, of any changes that the Commission adopts in these areas.

Respectfully submitted,



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Pennsylvania Internet Service Providers

Dated: January 27, 1997

Appendix A

List of Pennsylvania Internet Service Providers

Comcation, Inc.
Doylestown, PA

CSRlink, Inc.
Williamsport, PA

Cyberia Communications, Inc.
York, PA

Dayton Computer Services, Inc. d/b/a
Pathway Internet
Grove City, PA

Infobahn International, Inc.
West Mifflin, PA

LebaNet, Inc.
Cornwall, PA

Luce-McQuillin Corp. d/b/a Telerama
Pittsburgh, PA

MicroServe Information Systems, Inc.
Wilkes-Barre, PA

Net Reach, Inc.
Philadelphia, PA

Observer Publishing Co., Inc.
Washington, PA

Penncom Internet Co.
Warren, PA

SunLink, Inc.
Sunbury, PA

TradeNet, Inc.
Doylestown, PA

U.S. Online, Inc.
Mount Laurel, NJ

Westmoreland Online, Inc.
Greensburg, PA

Attachment A

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o Microfilm, microform, certain photographs or videotape.

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